

BevCanna Completes Next Step in Transformative Acquisition of Naturo Group

Entry into amended agreement paves the way for closing of landmark acquisition

VANCOUVER, British Columbia--(BUSINESS WIRE)--February 8, 2021--Emerging leader in health and wellness beverages and products, BevCanna Enterprises Inc. (CSE:BEV, Q:BVNNE, FSE:7BC) (“**BevCanna**” or the “**Company**”) is pleased to announce that, further to its news releases dated November 24, 2020 and December 12, 2020, it has entered into an amended and restated agreement (the “**Definitive Agreement**”) dated January 31, 2021 with Naturo Group Investments Inc. (“**Naturo**”). The parties have also completed the exchange of disclosure schedules, one of the precedent conditions of the Definitive Agreement.

Upon completion of the transaction (the “**Transaction**”), Naturo will become a wholly-owned subsidiary of BevCanna and the Company will carry on the combined business of BevCanna and Naturo. There will be no change in management of BevCanna on closing. The Transaction is expected to close in the next 10 days.

The coming together of these two emerging industry leaders will create a diversified health and wellness beverage and natural products company, with proforma \$55M+ in assets on the balance sheet, and a multi-channel sales and distribution network positioned for growth.

“BevCanna and Naturo each bring a number of unique strengths to the combination, that together form an even stronger company,” said Marcello Leone, Founder of Naturo and CEO of BevCanna. “BevCanna’s leadership in the cannabis-infused beverage sector and direct to consumer e-commerce business, together with Naturo’s innovative TRACE plant-based mineral beverages and supplements, significant manufacturing & natural resource assets and extensive distribution network, will form the foundation of a unique, market-leading health and wellness company well positioned for long-term growth.”

The new BevCanna will offer one of the most unique and diverse portfolios of beverage and wellness products within both the cannabis and the plant-based categories, and will expand BevCanna’s leadership position, becoming the only fully licensed, in-house and white-label beverage manufacturing company that distributes both conventional CPG and cannabis-based beverage and wellness products. The Transaction will provide access to global, multi-channel distribution networks of traditional and cannabis specific sales channels.

BevCanna will realize a number of key benefits from the acquisition, including:

- Creation of a “development to distribution” beverage manufacturing vertical for both traditional and cannabis-infused beverages and natural products.
- Direct ownership of a proprietary on-site natural alkaline spring water aquifer, valued at C\$18M. As water resources become increasingly scarce, the proprietary resource will contribute to a strengthened balance sheet and to BevCanna’s unique positioning within the exploding plant-based and cannabis sectors.

- An established and growing mass market distribution network of over 3,000 retail points, via Naturo’s market-leading TRACE plant-based mineral beverages and supplements. TRACE is sold across the country through Canadian retailers, with select international agreements and partnerships under review. Along with their nationally distributed alkaline and sparkling waters, and plant-based mineral beverages and supplements, TRACE is expanding its product selection and is incorporating additional nutraceuticals, including cannabinoids, adaptogens, and nootropics, into its products to be sold in domestic and international markets.
- TRACE’S proprietary Health Canada-approved plant-based fulvic and humic formulations – a category which is expanding exponentially across North America and globally.
- Naturo’s 315-acres of outdoor cultivatable land and 40,000 sq. ft. high-capacity beverage facility valued at C\$10.4M, optimized for both traditional and cannabis-infused beverage manufacture, and beverage manufacturing equipment valued at C\$3.4M (as of year-end).
- As per Naturo’s latest independent estimate pricing report as of January 2021, Naturo’s enterprise value is between C\$37M-C\$38M.

The Transaction constitutes a “related party transaction” within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("**MI 61-101**") as Messrs. Marcello Leone and Martino Ciambrelli are shareholders of Naturo and also directors and the Chief Executive Officer and President, respectively, of the Company. The Transaction is exempt from the formal valuation and minority shareholder approval requirements under MI 61-101 pursuant to sections 5.5(a) and 5.7(1)(a) as the fair market value of the Transaction, insofar as it involves interested parties, does not exceed 25% of the Company’s market capitalization at the time the Transaction was agreed to. As the news release and material change report disclosing the Transaction are being filed less than 21 days before the expected closing date of the Transaction, there is a requirement under MI 61-101 to explain why the shorter period is reasonable or necessary in the circumstances. In order to fully realize on the significant market opportunity presented by the combination of the two complementary companies, the Company intends to complete the Transaction in the next 10 days.

The Company also announces that it has settled debt (the “**Debt Settlement**”) in the amount of \$51,501 owed by the Company to certain creditors of the Company in exchange for 35,000 common shares (each, a “**Debt Settlement Share**”) at a deemed price of \$0.90 per Debt Settlement Share and 23,810 Debt Settlement Shares at a deemed price of \$0.84 per Debt Settlement Share.

The Company also announces it has granted (the “**Grant**”) an aggregate of 100,000 stock options (each, an “**Option**”) to purchase up to 100,000 common shares of the Company to one consultant of the Company and one director of the Company. The Options granted vest immediately upon the Grant and are exercisable for a period of 1 year from the date of Grant at a price of \$1.00 per common share.

The Debt Settlement Shares are not subject to a hold period. The securities acquired in the Grant are subject to a hold period of four months and one day from the date of the Grant.

None of the securities acquired in the Debt Settlement and the Grant will be registered under the United States Securities Act of 1933, as amended (the “**1933 Act**”), and none of them may be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the 1933 Act. This news release shall not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the securities in any state where such offer, solicitation, or sale would be unlawful.

About BevCanna Enterprises Inc.

BevCanna Enterprises Inc. (CSE:BEV, Q:BVNNE, FSE:7BC) develops and manufactures cannabinoid-infused beverages and consumer products for in-house brands and white label clients. With decades of experience creating, branding and distributing iconic brands that have resonated with consumers on a global scale, the team demonstrates an expertise unmatched in the emerging cannabis beverage category. Based in British Columbia, Canada, BevCanna owns the exclusive rights to a pristine spring water aquifer, access to a world-class 40,000-square-foot, HACCP certified manufacturing facility, with a current bottling capacity of up to 210M bottles per annum. BevCanna also recently acquired US natural health and wellness e-commerce platform Pure Therapy. BevCanna's vision is to be a global leader in infused innovations.

Disclaimer for Forward-Looking Statements

This news release contains forward-looking statements. All statements, other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements in this news release include statements regarding: the proposed terms of the acquisition of Naturo and the anticipated timing of the closing of thereof; the future business plans of Naturo and BevCanna; the perceived benefits of combining the businesses of Naturo and BevCanna. The forward-looking statements reflect management’s current expectations based on information currently available and are subject to a number of risks and uncertainties that may cause outcomes to differ materially from those discussed in the forward-looking statements.

Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and, accordingly, undue reliance should not be put on such statements due to their inherent uncertainty. Factors that could cause actual results or events to differ materially from current expectations include, among other things: that the CSE may not approve the acquisition of Naturo as proposed or at all; that the parties may not be able to satisfy the conditions to closing of the acquisition of Naturo, including approval by the shareholders of one or both parties, as applicable; general market conditions and volatility of commodity prices; and other factors beyond the control of the parties. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable law.

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